

Meeting Date: 11/18/08

AGENDA REPORT

Agenda Item #

7A-9

Santa Clara



City of Santa Clara, California



DATE: October 31, 2008
TO: City Manager for Council Action
FROM: Director of Finance
SUBJECT: Renewal of Earthquake and Flood Insurance for the Period of November 18, 2008 - November 18, 2009 for the Grizzly Hydroelectric Plant; and Authorization for Payment of Insurance Premium to Alliant Insurance Services

EXECUTIVE SUMMARY:

As agreed to in the terms of the Grizzly Development and Mokelumne Settlement Agreement, the City of Santa Clara is required to maintain insurance on the Grizzly Hydroelectric Plant (Plant). Submitted here is a request for renewal of the required earthquake and flood (also known as Difference in Conditions or DIC) insurance for the period of November 18, 2008 to November 18, 2009. The coverage extends existing limits of \$20 million per occurrence, \$15 million for Building Ordinance Demolition and Increased Cost of Construction.

ADVANTAGES & DISADVANTAGES OF ISSUE:

Insurance is required per the terms of the Grizzly Development and Mokelumne Settlement Agreement for commercial operation of the Plant.

ECONOMIC / FISCAL IMPACT:


The earthquake and flood annual insurance premium is \$82,654.69, a decrease of \$2,888 over last year's premium, or 3.5%. In addition the total insured value of the plant has increased by 3.4%, from \$71.8 million to \$74.2 million. This year's premium is lower because of the continued softening in the marketplace for catastrophic property insurance which had experienced significant increases a few years back due to Hurricane Katrina. There are no other changes in the policy coverage from the prior year. The deductible remains at 7.5%. Sufficient funds are available in the Special Liability Fund Contractual Services (082-0141-87870).

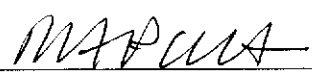
RECOMMENDATION:

That the City Council approve and authorize the City Manager to renew earthquake and flood DIC insurance for the period of November 18, 2008 - November 18, 2009 for the Grizzly Hydroelectric Plant; and authorize payment of the insurance premium to Alliant Insurance Services, Inc. in the amount of \$82,654.69.


Certified as to the availability of funds:
082-0141-87870 \$82,654.69

on
pm


Mary Ann Parrot
Director of Finance


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Director of Finance

APPROVED:


Jennifer Aparacino
City Manager

MAJORITY VOTE OF COUNCIL